

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY RANGOON

S E C R E T STATE 218883

FOLLOWING REPEAT STATE 218883 ACTION LONDON PEKING TAIPEI TOKYO
SEOUL MANILA SAIGON PHNOM PENH VIENTIANE JAKARTA CANBERRA
KUALA LUMPUR SINGAPORE BANGKOK WELLINGTON HONG KONG CINCPAC
004 OCT REPEATED USUN NEW DELHI KATHMANDU ISLAMABAD COLOMBO
07 OCT

QUOTE

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E.O. 11652: GDS

TAGS: PFOR

SUBJECT: US-UK TALKS ON EAST ASIA

1. SUMMARY: US-UK CONSULTATIONS ON EAST ASIA TOOK PLACE
MORNING OCTOBER 2 IN DEPT. US SIDE WAS HEADED BY ASST.
SECRETARY HABIB AND INCLUDED DEPUTY ASST. SECS, AND COUNTRY
DIRECTORS (FOR INDIVIDUAL TOPICS). BRITISH SIDE LED BY
DEPUTY UNDER SECRETARY FOR FOREIGN AFFAIRS MICHAEL WILFORD
AND INCLUDED RICHARD SAMUEL, COUNSELOR OF UK EMBASSY, AND
MICHAEL PIKE, FIRST SECRETARY. DISCUSSION EVINCED SIMILAR
INTERPRETATIONS OF MAJOR TRENDS IN REGION AND AGREEMENT
WITH RESPECT TO MOST CURRENT ISSUES. HIGHLIGHTS OF EX-
CHANGE FOLLOW. END SUMMARY.

2. CHINA. US SIDE NOTED ANTI-LIN CAMPAIGN APPEARS TO BE
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TAPERING OFF AND MAY END WITH WHIMPER RATHER THAN BANG.
RELATED ISSUE OF SUCCESSION REMAINS UNCLEAR; CHOU WILL NOT
COME ALL WAY BACK, AND WE HAVE NO IDEA HOW LONG HE WILL

LAST. MEANWHILE, TRANSITIONAL ARRANGEMENT (TENG AND LI) APPEARS TO BE IN PLACE. COLLECTIVE LEADERSHIP ARRANGEMENT IS MOST LIKELY AFTER MAO, AT LEAST INITIALLY. US SIDE NOTED THERE HAS BEEN NO SIGNIFICANT PRC FOREIGN POLICY CHANGE IN PAST YEAR CLEARLY ATTRIBUTABLE TO ANTI-LIN CAMPAIGN OR SUCCESSION ISSUE. NO MOVEMENT OR PROSPECT FOR EARLY MOVEMENT IN SINO-SOVIET RELATIONS. US-PRC RELATIONS ON COURSE, ALTHOUGH PRC APPEARS TO PLACE SOME LIMITATIONS

ON CERTAIN ASPECTS, E.G. EXCHANGES, DURING PRESENT PHASE OF RELATIONSHIP. TWO-WAY TRADE MAY EXCEED DOLS 1 BILLION IN CY '74, ALTHOUGH MASSIVE IMBALANCE (11 TO 1 IN FAVOR OF US) IS UNSATISFACTORY.

3. WILFORD AGREED WITH ABOVE POINTS, NOTING THAT DURING HEATH VISIT TO PEKING CHINESE INDICATED SATISFACTION WITH STATE OF US-PRC RELATIONS. IN RESPONSE TO WILFORD QUESTION, US SUGGESTED THAT IN UNLIKELY EVENT OF TAIWANESE PNE, PRC WOULD TAKE NO MILITARY ACTION, WOULD NOT SEVER RELATIONSHIP WITH US BUT WOULD EXPECT US TO DO SOMETHING ABOUT IT, AND--AFTER PERIOD OF TENSION--WOULD "RISE ABOVE" INCIDENT.

4. ON PRC-SEA RELATIONS, US SIDE SAID PRC WANTS TO ESTABLISH FORMAL TIES, BUT WITHOUT SACRIFICING TOO MUCH IN PROCESS. HABIB NOTED EMBASSY MANILA ANALYSIS THAT PHILIPPINES, DESPITE EXAGGERATED RHETORIC FOLLOWING VISIT OF MRS. MARCOS, PLANS TO PROCEED CAUTIOUSLY IN DEVELOPING RELATIONS WITH PEKING (CONCLUSION SUPPORTED BY ROMULO COMMENTS TO SECRETARY IN NEW YORK). WILFORD SAID CHINESE TOLD HEATH THAT LIKELY SEQUENCE FOR ESTABLISHMENT OF RELATIONS WITH ASEAN IS PHILIPPINES, THAILAND, SINGAPORE AND INDONESIA, WHICH ACCORDS WITH US AND UK ANALYSES. DIGRESSING FOR MOMENT TO SUBCONTINENT, WILFORD SUGGESTED THAT PRC COULD "ACCEPT" INDIAN ANNEXATION OF SIKKIM, BUT WOULD NOT TOLERATE SIMILAR MOVES TOWARD NEPAL.

5. JAPAN. US SIDE NOTED BILATERAL PROBLEMS IN US-JAPAN
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RELATIONS DIMINISHED, ALLOWING INCREASED FOCUS ON MULTILATERAL ISSUES. JAPANESE MORE INDEPENDENT IN FOREIGN POLICY, BUT SEE NO REAL ALTERNATIVE TO CLOSE TIES WITH US. GOJ WELCOMES RAPPROCHEMENT WITH PRC AND USSR, BUT REMAINS NERVOUS RE PRC INTERNAL DEVELOPMENTS AND SOVIET INTENTIONS. ON JAPAN-SOVIET RELATIONS, WILFORD SAW NO PROSPECT FOR MOVEMENT ON NORTHERN ISLANDS AND THEREFORE NO LIKELIHOOD OF PEACE TREATY, WHICH IN ANY EVENT SEEMED SUPERFLUOUS. HE WONDERED WHETHER TOUGHER SOVIET POLITICAL LINE WITH GOJ WAS REACTION TO JAPANESE HESITATION IN SIBERIAN DEVELOPMENT. US SIDE AGREED THERE COULD BE CONNECTION,

BUT NOTED THAT JAPANESE GENUINELY INTERESTED IN SIBERIAN PROJECTS (WITH EXCEPTION OF TYUMEN), WHILE WANTING TO MINIMIZE RISKS BY BRINGING US ALONG.

6. WILFORD ASKED WHETHER US IS STILL INTERESTED IN US-EEC-JAPAN TRILATERAL DECLARATION OR SOME VARIATION, TO WHICH HABIB SAID SECRETARY INTENDS JAPAN TO BE FULL PARTICIPANT IN MAJOR POWER DISCUSSIONS OF WORLD ISSUES. IN RESPONSE TO WILFORD QUESTION RE NPT RATIFICATION, US NOTED FONMIN KIMURA AND OTHERS HAVE PROMISED GOJ WILL SEEK RATIFICATION IN NEXT DIET SESSION, AND SUGGESTED UK MIGHT REINFORCE GOJ WILL TO PROCEED EXPEDITIOUSLY.

7. WITH RESPECT TO JAPANESE INTERNAL POLITICS, US SIDE NOTED THAT ACCUMULATION OF TROUBLES--CHIEF AMONG THEM BEING THE ECONOMY--COULD WELL LEAD TO TANAKA RESIGNATION AS PARTY LEADER NEXT YEAR, BUT THAT PM'S DESERVED REPUTATION AS SCRAPPER SHOULD NOT BE FORGOTTEN.

8. INDOCHINA. US SIDE NOTED EMERGENCE OVER PAST SIX MONTHS OF DISTURBING TRENDS IN SVN WHICH, IF NOT REVERSED, COULD LEAD TO UNRAVELING (E.G. LESS EFFECTIVE ARVN PERFORMANCE AND FLAGGING MORALE, INCREASING ECONOMIC DIFFICULTIES, INCREASING POLITICAL UNREST). DRV ATTEMPTING TO EXPLOIT POLITICAL AND MILITARY SOFT SPOTS, WITH NOTICEABLE CUMULATIVE EFFECT. DECLINE IN US AID IS IMPORTANT FACTOR IN SITUATION, UNDOUBTEDLY AFFECTING HANOI CALCULATIONS. HABIB NOTED THAT WHILE RESOURCE GAP EXISTS, THERE NO GAP IN US INTENTIONS; WE DO NOT REGARD SITUATION AS HOPELESS, AND PLAN TO SEEK DOLS 300 MILLION SUPPLE-

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MENTAL LATER THIS YEAR WHICH SHOULD ADEQUATELY MEET MINIMUM GVN MILITARY REQUIREMENTS. WILFORD INQUIRED WHETHER US CONTEMPLATED DIPLOMATIC INITIATIVES VIS-A-VIS HANOI OR PEKING. HABIB RESPONDED THAT KISSINGER-THO MEETING EXTREMELY UNLIKELY, SINCE THERE REALLY NOTHING TO TALK ABOUT, AND ALSO DOUBTED THAT MOMENT WAS OPPORTUNE FOR INITIATIVE WITH PRC.

9. ON CAMBODIA, HABIB UNDERLINED SERIOUSNESS WITH WHICH US VIEWS CREDENTIALS FIGHT. HE NOTED THAT GOOD CASE CAN BE MADE ON PRINCIPLE (FOLLY OF UN RECOGNIZING "GOVERNMENTS IN EXILE"), AND THAT DEFEAT IN UN WOULD AFFECT AID PROSPECTS, VIABILITY OF GKR AND THUS PROSPECTS FOR COMPROMISE SOLUTION. HE SAID SECRETARY HAS IMPRESSED UPON FONMINS IN NEW YORK DISPLEASURE WITH WHICH WE WILL VIEW VOTES AGAINST GKR, AND CALLED UPON UK TO DO EVERYTHING POSSIBLE TO ASSIST IN THIS EFFORT. WILFORD ASSURED HABIB THAT UK WOULD BE ACTIVE ON ISSUE, AND SUGGESTED THAT UKUN AND USUN CONSULT RE TACTICS.

10. US SIDE ALSO EXPRESSED HOPE UK WOULD CONTINUE TO PARTICIPATE IN ESF FOR CAMBODIA. WILFORD SAID HE WAS NOT OPTIMISTIC, SINCE THIS FORM OF AID EXTREMELY UNPOPULAR WITH TREASURY, AND SUGGESTED THAT HIGH LEVEL APPROACHES (E.G. BY SECRETARY AND SIMON AS OPPORTUNITIES ARISE) WOULD BE HELPFUL. WILFORD SAID PRESSURES FROM TREASURY MIGHT FORCE F.O. TO REDUCE STAFF OF ITS EMBASSY IN PHNOM PENH,

INCLUDING PERHAPS REMOVAL OF RESIDENT AMBASSADOR, WITH AMBASSADOR IN SAIGON ACCREDITED TO GKR. HABIB URGED THAT ANY SUCH MOVE BE CAREFULLY CONSIDERED, ESPECIALLY WITH RESPECT TO TIMING.

11. ON LAOS, HABIB NOTED THAT IN TALK WITH SECRETARY, PHOUMI WAS REMARKABLY NON-POLEMICAL, FOCUSED MAINLY ON NEED FOR CONTINUED US AID, AND IN GENERAL GAVE EVERY INDICATION THAT PATHET LAO WANT PGNU TO WORK. WILFORD SAID UK AID FOR LAOS (FEOF) WOULD BE AS TROUBLESOME AS CAMBODIAN ESF. HABIB URGED THAT HE PERSIST WITH TREASURY COLLEAGUES AND OTHER BUDGET-CUTTERS WITHIN HMG, AND THAT UK PARTICIPATE FULLY IN UPCOMING INDOCHINA DONOR SUBGROUP

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MEETINGS IN PARIS. WILFORD SAID UK WOULD BE THERE, AND HAD IMPRESSION EEC GOVERNMENTS IN GENERAL WILLING TO GET SUBGROUPS IN OPERATION.

12. KOREA. US SIDE NOTED PAST YEAR HAS SEEN GENERAL DETERIORATION IN NORTH-SOUTH RELATIONS, WITH PLETHORA OF INCIDENTS AND END TO ANY REAL DIALOGUE IN BILATERAL TALKS. WE HAVE URGED ROK TO KEEP BILATERAL CHANNEL OPEN (IMPORTANT IN UN CONTEXT) AND SUGGEST UK MAKE THIS POINT ALSO. WITH RESPECT TO KOREAN ISSUE IN UN, US SIDE SAID FRIENDLY RESOLUTION APPEARS TO HAVE PRIORITY, AND PROBABLY ENJOYS 10-12 VOTE EDGE. IF THAT HOLDS, DPRK MAY NOT WISH TO BRING OPPOSITION RESOLUTION TO VOTE. WILFORD SAID DPRK POSITION SEEMS TO BE THAT US FORCES CAN REMAIN "IF THEY TAKE OFF BLUE BERETS". HABIB SAID THEIR RESOLUTION CLEARLY TARGETED AGAINST US TROOPS, BUT GENERIC LANGUAGE ("FOREIGN TROOPS") OFFERS THEM AN AVENUE OF COMPROMISE. PROSPECTS FOR COMPROMISE SOLUTION RELATIVELY GOOD, BUT WE PROCEEDING ON ASSUMPTION THAT OPPOSING RESOLUTIONS WILL COME TO VOTE.

13. ON ROK INTERNAL SITUATION, HABIB SAID UK REPRESENTATIONS TO ROK RE AUTHORITARIANISM WERE USEFUL, HELPING TO MAKE GOVERNMENT AWARE OF DAMAGE TO ITS INTERNATIONAL STANDING CAUSED BY REPRESSIVE MEASURES. HABIB NOTED THAT UK COULD AFFORD TO BE MORE "OBVIOUS" IN REPRESENTATIONS ON THIS ISSUE THAN CAN US. HE SAID UPCOMING PRESIDENTIAL

VISIT, CONGRESSIONAL REACTION TO ROK POLICIES, AND OUR OWN REPRESENTATIONS HAVE HAD SALUTARY EFFECT. HABIB ADDED, HOWEVER, THAT WE WILL DO EVERYTHING WE CAN TO RESTORE CUTS IN AID TO KOREA, SINCE AID REDUCTIONS ARE CLEARLY NOT PROPER WAY TO DEAL WITH PROBLEM.

14. WILFORD NOTED UK HAS GIVEN PERMISSION TO DPRK TO OPEN TRADE OFFICE, AND THAT DPRK IS HASTENING SLOWLY; HE SAID ROK HAD NOT REACTED NEGATIVELY TO THIS. HABIB SAID US HAS

HAD NO BILATERAL CONTACT WITH DPRK AND PLANS NONE, NOTING IMPORTANCE OF GETTING SOVIETS AND EASTERN EUROPEANS TO MAKE SOME MOVE TOWARD ROK. WILFORD AGREED AND SAID UK HAS MADE THIS POINT WITH EASTERN EUROPEANS.

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15. INDONESIA. US SIDE SAID JANUARY RIOTS AND POLITICAL AFTERMATH HAVE LED TO REASSESSMENT OF INDONESIA'S PROSPECTS; DOMESTIC PROBLEMS PROBABLY GREATER, AND ACHIEVEMENTS LESS, THAN WE HAD THOUGHT. SERIOUS DISORDERS ARE POSSIBILITY, ALTHOUGH IMPOSSIBLE TO KNOW WHEN THEY MIGHT COME. ON POSITIVE SIDE, OIL REVENUES GIVE GOI NEW WHEREWITHAL TO COMBAT PROBLEMS AND MAKE OVERALL PREDICTIONS EVEN MORE DIFFICULT. ECONOMIC JUSTIFICATIONS FOR AID HAVE DIMINISHED WITH OIL WINDFALL, BUT INDONESIA STILL DESPERATELY POOR. MOREOVER, SUHARTO TENDENCY TO EQUATE AID WITH POLITICAL INTEREST OF DONORS ARGUES FOR CONTINUATION. US PLANS TO SHIFT TO NON-CONCESSIONAL TERMS, WHILE REDUCING AMOUNTS ONLY GRADUALLY.

16. WILFORD AGREED WITH FOREGOING, AND SAID F.O. FACES PROBLEMS SIMILAR TO OURS IN PRYING LOOSE AID FUNDS IN LIGHT OF OIL REVENUE INCREASE. HE SAID HMG ALSO PLANS SHIFT TO NON-CONCESSIONAL TERMS, AND NOTED THAT GOI HAS BEEN HELPFUL IN THIS REGARD BY INDICATING SILLINGNESS TO ACCEPT HARDER TERMS. WITH RESPECT TO INTERNAL POLITICAL SCENE, WILFORD NOTED GOA (RENOUF) REPORT THAT WHITLAM IS VERY BULLISH RE SUHARTO'S STAYING POWER.

17. BRITISH DEFENSE REVIEW AND FPDA. HABIB ASKED WILFORD WHAT BRITISH PLANS ARE WITH RESPECT TO FPDA. WILFORD SAID DEFENSE REVIEW HAS COME TO GRINDING HALT BECAUSE OF MINISTERIAL PREOCCUPATION WITH UPCOMING ELECTIONS. HE SAID HMG INTENDS TO CONSULT FULLY WITH ALL CONCERNED GOVERNMENTS IN ADVANCE OF ANY DECISION RE FPDA (ROGERS TRIP TO AREA WAS FIRST STEP IN CONSULTATION PROCESS). WHEN REVIEW IS RESUMED, AND AS DECISIONS APPROACHED, FURTHER CONSULTATIONS WILL TAKE PLACE, WITH AREA GOVERNMENTS AND WITH US. HABIB NOTED IMPORTANCE WE ATTACH TO CONTINUED UK PRESENCE IN AREA, PARTICULARLY IN SINGAPORE. WILFORD SAID HE UNDERSTOOD AND APPRECIATED THAT VIEW, AND

SUGGESTED THAT CASE FOR FPDA MIGHT BE STRENGTHENED WITHIN
HMG IF POINT COULD BE MADE BY SECRETARY AT APPROPRIATE
TIME. KISSINGER

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